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AMERICAN SUMATRA TOBACCO COMPANY

TO

THE CHASE NATIONAL BANK OF THE CITY OF  
NEW YORK,

as Trustee

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**Indenture**

*Dated June 1, 1920*

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**\$6,564,000**

**FIVE-YEAR SEVEN AND ONE-HALF PER CENT. SINKING FUND  
CONVERTIBLE GOLD NOTES.**



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**This Indenture**, dated the first day of June, in the year nineteen hundred and twenty, between AMERICAN SUMATRA TOBACCO COMPANY, a corporation organized and existing under the laws of the State of Georgia (hereinafter called the Company), party of the first part, and THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, a corporation organized and existing under the laws of the United States of America (hereinafter called the Trustee), party of the second part:

WHEREAS the Company, for its corporate purposes, by appropriate resolutions of its Board of Directors duly adopted has determined to issue its Notes, both coupon and registered, substantially in the forms hereinafter recited, limited to the principal amount of \$6,564,000, at any one time outstanding, to be known as its Five-Year Seven and One-half Per Cent. Sinking Fund Convertible Gold Notes, to be payable June 1, 1925, to bear interest at the rate of seven and one-half per centum per annum, payable semi-annually on the first day of June and the first day of December in each year, to be payable both as to principal and interest at the office of the Trustee, in the Borough of Manhattan, in the City of New York, in gold coin of the United States of America of or equal to the standard of weight and fineness as it existed on June 1, 1920, and both as to principal and interest without deduction for any tax or taxes, assessments or other governmental charges (other than inheritance taxes and federal excess profits and income taxes in excess of 2% per annum) which the Company or the Trustee may be required or permitted to pay thereon or to retain therefrom, under any present or future law of the United States of America, or of any state, county, municipality or other lawful taxing authority therein, to be redeemable, in whole or in part,

in the manner and at the prices hereinafter provided, to be convertible into the common stock of the Company during the periods and upon the terms hereinafter set forth and to be entitled to the benefit of the sinking fund hereinafter mentioned; and

WHEREAS, in further pursuance of said resolutions of its Board of Directors, for the purpose of securing the payment of said Notes and the interest thereon, and the observance and performance of the covenants and conditions herein and in said Notes contained, the Company has determined to execute, acknowledge and deliver to the Trustee an indenture substantially in the form of this Indenture; and

WHEREAS, the forms (so approved by its Board of Directors) of the coupon Notes for \$1,000 and of the coupons to be attached thereto (form of coupon Notes of other denominations and of appurtenant coupons to be of like tenor, except as to amount) and of the registered Notes without coupons and of the Trustee's certificate to be endorsed on all said Notes, severally and respectively, are to be substantially as follows, to-wit:

[FORM OF \$1,000 COUPON NOTE.]

No.

\$1,000

UNITED STATES OF AMERICA

STATE OF NEW YORK

AMERICAN SUMATRA TOBACCO COMPANY.

Five-Year Seven and One-Half Per Cent. Sinking Fund  
Convertible Gold Note.

American Sumatra Tobacco Company, a Georgia corporation (hereinafter called the Company), for value received, hereby promises to pay to the bearer (or, if

this note be registered, to the registered holder hereof), on the first day of June, 1925, at the office of the Trustee hereinafter mentioned, in the Borough of Manhattan, in the City and State of New York, the sum of one thousand dollars, in gold coin of the United States of America, of or equal to the standard of weight and fineness as it existed on June 1, 1920, and to pay interest thereon from June 1, 1920, in like gold coin, at the rate of seven and one-half per cent. per annum, at said office semi-annually on the first day of June and the first day of December in each year, but only upon presentation and surrender of the coupons hereto annexed as they shall severally mature.

Both the principal and interest of this note are payable without deduction for any tax or taxes, assessments or other governmental charges (other than inheritance taxes and federal excess profits and income taxes in excess of 2% per annum) which the Company or the Trustee may be required or permitted to pay thereon or to retain therefrom under any present or future law of the United States of America, or of any state, county, municipality or other lawful taxing authority therein.

This note is one of a duly authorized issue of coupon notes and registered notes of the Company, limited to the principal amount of \$6,564,000 at any one time outstanding, known as Five-Year Seven and One-half Per Cent. Sinking Fund Convertible Gold Notes, issued and to be issued under an Indenture, dated June 1, 1920, executed by the Company to The Chase National Bank of the City of New York, as Trustee, to which reference is hereby made for a statement of the rights of the holders or registered owners of the notes issued thereunder, to all the provisions whereof the holder or registered owner hereof, by acceptance of this note, assents. Except as provided in said Indenture, all rights of action on this note and the coupons hereto appertaining are vested exclusively in the Trustee.

The notes of said issue are subject to redemption, in whole or in part, at the option of the Company, at any time, on at least sixty days' prior notice by publication, as provided in said Indenture, at one hundred and five

per cent. (105%) of the face value thereof, if redeemed on or prior to June 1, 1921; at one hundred and four per cent. (104%) of the face value thereof, if redeemed thereafter and on or prior to June 1, 1922; at one hundred and three per cent. (103%) of the face value thereof, if redeemed thereafter and on or prior to June 1, 1923; at one hundred and two per cent. (102%) of the face value thereof, if redeemed thereafter and on or prior to June 1, 1924; and at one hundred and one per cent. (101%) of the face value thereof, if redeemed thereafter and prior to June 1, 1925, in each case together with accrued interest. The notes are subject to like redemption by operation of the sinking fund provided for in said Indenture.

At the option of the holder or registered owner this note may be converted at its face value at any time on or after October 1, 1920, on the conditions and regulations prescribed in said Indenture (except when the books for the transfer of the common stock of the Company are closed as permitted by said Indenture, and except that in the case of notes called for redemption the right of conversion shall expire ten days prior to the date fixed for redemption) into shares of the common stock of the Company, as its common stock shall be constituted at the time of such conversion, at the rate of nine and one-half shares of such stock for a \$1000 note at any time on or after October 1, 1920, and up to and including December 31, 1921, and thereafter at the rate of nine shares of such stock for a \$1000 note, unless common stock of the Company in addition to the amount thereof outstanding on June 1, 1920, be issued or sold (other than common stock issued on conversion and stock dividends in amounts permitted by said Indenture) in which case the conversion price shall be determined as in said Indenture provided, and with an adjustment of accrued interest and dividends, as well as any balance of principal as between this note and the stock into which the same shall be converted which may be paid to the holder or registered owner on conversion, all in accordance with the provisions of said Indenture. The Company shall not be required to issue a fraction of a share on any such conversion.



In case an event of default as defined in said Indenture shall happen, the principal of the notes may become or be declared due and payable in the manner and with the effect provided in said Indenture.

This note shall pass by delivery unless registered in the name of the owner at the office of the Trustee in said Borough of Manhattan, City of New York, such registration being noted hereon. After such registration, no transfer shall be valid unless made at said office by the registered owner in person or by attorney duly authorized and similarly noted hereon; but this note may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; and this note may again, from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery merely.

The holder of a coupon note or notes of the denomination of \$1,000, at his option, may surrender the same for cancellation, with all unmatured coupons thereto appertaining, in exchange for a registered note or notes without coupons, as provided in said Indenture, and on payment, if the Company shall require it, of the charges therein provided for. In like manner and upon like terms, any registered note may in turn be exchanged for a coupon note or coupon notes of the like aggregate principal amount as provided in said Indenture.

A Noteholders Committee is appointed in and by said Indenture with such rights and powers to waive defaults and covenants of the Company and to otherwise act, as are therein specified.

No recourse shall be had for the payment of the principal of or interest upon this note or any part thereof, or for any claim based hereon or otherwise in respect hereof or of the indebtedness represented hereby or by the coupons appertaining hereto or of said Indenture, against any incorporator, stockholder, officer or director, as such or otherwise, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitutional provision, statute,

or rule of law or by the enforcement of any assessment or otherwise, all such liability being by the acceptance hereof and as part of the consideration hereof expressly released, as provided in said Indenture.

This note shall not be valid or become obligatory for any purpose until it shall have been authenticated by the Certificate of the Trustee under said Indenture hereon endorsed.

IN WITNESS WHEREOF, American Sumatra Tobacco Company has caused this note to be signed in its name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and to be attested by its Secretary or one of its Assistant Secretaries, and coupons for said interest to be attached hereto, bearing the facsimile signature of its Treasurer, all as of the first day of June, 1920.

AMERICAN SUMATRA TOBACCO COMPANY,  
by

Vice-President.

Attest:

Assistant Secretary.

[FORM OF INTEREST COUPON.]

No.

\$37.50

On the first day of \_\_\_\_\_, 19\_\_\_\_, unless the note hereinafter mentioned shall be called for previous redemption, American Sumatra Tobacco Company, at the office of The Chase National Bank of the City of New York in the Borough of Manhattan, in the City of New York, will pay to bearer thirty-seven and 50/100 dollars in United States gold coin, without deduction for taxes (other than inheritance taxes and federal excess profits and income taxes in excess of 2% per annum), being six months' interest then due on its Five-Year Seven and One Half Per Cent. Sinking Fund Convertible Gold Note No.

Treasurer.



[FORM OF REGISTERED NOTE WITHOUT COUPONS.]

No.

\$

UNITED STATES OF AMERICA.

STATE OF NEW YORK

AMERICAN SUMATRA TOBACCO COMPANY

REGISTERED FIVE-YEAR SEVEN AND ONE-HALF PER CENT.  
SINKING FUND CONVERTIBLE GOLD NOTE.

AMERICAN SUMATRA TOBACCO COMPANY, a Georgia corporation (hereinafter called the Company), for value received, hereby promises to pay to or registered assigns, on the first day of June, 1925, at the office of the Trustee hereinafter mentioned, in the Borough of Manhattan, in the City and State of New York, the sum of            thousand dollars, in gold coin of the United States of America, of or equal to the standard of weight and fineness as it existed on June 1, 1920, and to pay interest thereon from the first day of June or the first day of December as the case may be next preceding the date hereof (unless this note be dated June 1 or December 1 in which case from the date hereof), in like gold coin, at the rate of seven and one-half per cent. per annum, at said office, semi-annually on the first day of June and the first day of December in each year.

Both the principal and interest of this note are payable without deduction for any tax or taxes, assessments or other governmental charges (other than inheritance taxes and federal excess profits and income taxes in excess of 2% per annum) which the Company or the Trustee may be required or permitted to pay thereon or to retain therefrom under any present or future law of the United States of America, or of any state, county, municipality or other lawful taxing authority therein.

This note is one of a duly authorized issue of coupon notes and registered notes of the Company, limited to the principal amount of \$6,564,000 at any one time outstanding, known as Five-Year Seven and One-Half Per Cent. Sinking Fund Convertible Gold Notes, issued and to be

issued under an Indenture, dated June 1, 1920, executed by the Company to The Chase National Bank of the City of New York, as Trustee, to which reference is hereby made for a statement of the rights of the holders or registered owners of the notes issued thereunder, to all the provisions whereof the holder or registered owner hereof, by acceptance of this note, assents. Except as provided in said Indenture, all rights of action on this note are vested exclusively in the Trustee.

The notes of said issue are subject to redemption, in whole or in part, at the option of the Company, at any time, on at least sixty days' prior notice by publication, as provided in said Indenture at one hundred and five per cent. (105%) of the face value thereof, if redeemed on or prior to June 1, 1921; at one hundred and four per cent. (104%) of the face value thereof, if redeemed thereafter and on or prior to June 1, 1922; at one hundred and three per cent. (103%) of the face value thereof, if redeemed thereafter and on or prior to June 1, 1923; at one hundred and two per cent. (102%) of the face value thereof, if redeemed thereafter and on or prior to June 1, 1924; and at one hundred and one per cent. (101%) of the face value thereof, if redeemed thereafter and prior to June 1, 1925, in each case together with accrued interest. The notes are subject to like redemption by operation of the sinking fund provided for in said Indenture.

At the option of the registered owner this note may be converted at its face value at any time on or after October 1, 1920, on the conditions and regulations prescribed in said Indenture (except when the books for the transfer of the common stock of the Company are closed as permitted by said Indenture, and except that in the case of notes called for redemption the right of conversion shall expire ten days prior to the date fixed for redemption) into shares of the common stock of the Company, as its common stock shall be constituted at the time of such conversion, at the rate of nine and one-half shares of such stock for a \$1,000 note at any time on or after October 1, 1920, and up to and including December 31, 1921, and thereafter at the rate of nine shares of such stock for a \$1,000 note, unless common stock of the

Company in addition to the amount thereof outstanding on June 1, 1920 be issued or sold (other than common stock issued on conversion and stock dividends in amounts permitted by said Indenture) in which case the conversion price shall be determined as in said Indenture provided, and with an adjustment of accrued interest and dividends, as well as any balance of principal as between this note and the stock into which the same shall be converted which may be paid to the registered owner on conversion, all in accordance with the provisions of said Indenture. The Company shall not be required to issue a fraction of a share on any such conversion.

In case an event of default as defined in said Indenture shall happen, the principal of the notes may become or be declared due and payable in the manner and with the effect provided in said Indenture.

This note is transferable by the registered owner hereof in person or by his duly authorized attorney upon the books of the Trustee at its office in said Borough of Manhattan, City of New York, upon surrender and cancellation of this note; and thereupon a new registered note or notes, without coupons, of an equal aggregate principal amount, will be issued to the transferee, as provided in said Indenture. The registered owner of this note has the right to surrender the same for cancellation and to receive in exchange therefor a coupon note or notes of an equal aggregate principal amount as provided in said Indenture, and on payment, if the Company shall require it, of the charges therein provided for.

In like manner and upon like terms, any coupon note or notes of the denomination of \$1,000, bearing all unmatured coupons, may in turn be exchanged for a registered note or registered notes without coupons of the like aggregate principal amount, as provided in said Indenture.

A Noteholders Committee is appointed in and by said Indenture with such rights and powers to waive defaults and covenants of the Company and to otherwise act, as are therein specified.

No recourse shall be had for the payment of the principal of or interest upon this note or any part thereof, or for any claim based hereon or otherwise in respect hereof

or of the indebtedness represented hereby or of said Indenture, against any incorporator, stockholder, officer or director, as such or otherwise, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitutional provision, statute, or rule of law or by the enforcement of any assessment or otherwise, all such liability being by the acceptance hereof and as part of the consideration hereof expressly released, as provided in said Indenture.

This note shall not be valid or become obligatory for any purpose until it shall have been authenticated by the Certificate of the Trustee under said Indenture hereon endorsed.

IN WITNESS WHEREOF, AMERICAN SUMATRA TOBACCO COMPANY has caused this note to be signed in its name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and to be attested by its Secretary or one of its Assistant Secretaries, as of the  
day of , 19 .

AMERICAN SUMATRA TOBACCO COMPANY,  
by

Vice-President.

Attest:

Assistant Secretary.

[FORM OF TRUSTEE'S CERTIFICATE.]

This note is one of the notes described in the within-mentioned Indenture.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK,  
Trustee.

by

Asst. Cashier.

AND WHEREAS the Company has determined as aforesaid to execute an indenture in the form of this Indenture, and all requirements of law relating to the authori-

zation of the issue and sale of Notes convertible into common stock, as in this Indenture provided, have been complied with, and all things necessary to make the Notes, when authenticated by the Trustee and issued under this Indenture, the valid, binding and legal obligations of the Company, and to make this Indenture a valid, binding and legal agreement, have been done and performed:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, in order to secure to all present and future owners and holders of the Notes, and the coupons, issued and to be issued and outstanding under this Indenture, equal and proportionate rights and benefits, and to secure the performance of all the covenants and conditions herein contained, for and in consideration of the premises and of the acceptance or purchase of the Notes by the holders and registered owners thereof, and of the sum of one hundred dollars, lawful money of the United States of America, to it paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, the Company covenants and agrees with the Trustee, for the equal benefit of all present and future holders and registered owners of the Notes and of the coupons appertaining to the coupon Notes, without preference, priority or distinction of any of the Notes over any of the others by reason of priority in time of issue or negotiation thereof, or otherwise, as follows:

## ARTICLE ONE.

### FORM, EXECUTION, DELIVERY, REGISTRATION AND EXCHANGE OF NOTES.

SECTION 1. The Notes and the interest coupons appertaining to the coupon Notes shall be substantially of the

tenor and purport above recited. The Notes shall bear interest at the rate of seven and one-half per cent. per annum, and such interest shall be payable semi-annually on the first day of June and the first day of December in each year. The coupon Notes shall be in the denominations of \$1,000, \$500 and \$100 each. The coupon Notes of the denomination of \$1,000 shall be numbered consecutively from M 1 upwards. In the event of the issue of any coupon Notes of the denomination of five hundred dollars (\$500) each, the same serial number, preceded by the letter D, shall be borne by two of such coupon Notes, the serial number to be immediately followed in the case of one of such Notes by the letter A, and in the case of the other of such Notes by the letter B. Every coupon Note for five hundred dollars (\$500) shall bear thereon an endorsement substantially to the following effect:

“For this Note and another coupon Note of the same denomination and serial number, bearing affixed letters A and B, respectively, a coupon Note for one thousand dollars (\$1,000) is held in reserve and is not contemporaneously outstanding, and on the surrender and cancellation of two five hundred dollar (\$500) Notes, a coupon Note for one thousand dollars (\$1,000) will be issued in exchange therefor bearing the lowest serial number reserved for such purpose.”

In the event of the issue of any Notes in the denomination of one hundred dollars (\$100) each, the same serial number, preceded by the letter C, shall be borne by ten such Notes bearing affixed letters A to J, respectively. Every Note for one hundred dollars (\$100) shall bear thereon an endorsement substantially to the following effect:



“For this Note and nine other coupon Notes of the same denomination and serial number, bearing affixed letters A to J, respectively, a coupon Note for one thousand dollars (\$1,000) is held in reserve and is not contemporaneously outstanding, and on the surrender and cancellation of ten one hundred dollar (\$100) Notes, a coupon Note for one thousand dollars (\$1,000) will be issued in exchange therefor bearing the lowest serial number reserved for such purpose.”

Whenever any Notes shall be issued originally for five hundred dollars (\$500), there shall be reserved unissued, an aggregate face amount of coupon Notes of the denomination of one thousand dollars (\$1,000) equal to the aggregate face amount of the Notes for five hundred dollars (\$500) so issued. Whenever any Notes shall be issued originally for one hundred dollars (\$100), there shall be reserved unissued, an aggregate face amount of coupon Notes, of the denomination of one thousand dollars (\$1,000), equal to the aggregate face amount of the Notes for one hundred dollars (\$100) so issued. Whenever two Notes of the denomination of five hundred dollars (\$500) or ten Notes of the denomination of one hundred dollars (\$100), having all unmatured coupons attached thereto, shall be surrendered for exchange for a one thousand dollar (\$1,000) coupon Note at the office of the Trustee, in the City of New York, the Company shall issue, and the Trustee shall authenticate and deliver a coupon Note of the denomination of one thousand dollars (\$1,000) with all unmatured coupons thereto attached, and bearing the lowest serial number reserved for such purpose.

Whenever any coupon Note of the denomination of one thousand dollars (\$1,000), with all unmatured cou-

pons thereto attached, shall be surrendered for exchange for Notes of the denomination of five hundred dollars (\$500) or one hundred dollars (\$100), at said office of the Trustee, the Company shall issue, and the Trustee shall authenticate and deliver, in exchange for such Note for one thousand dollars (\$1,000), two Notes for five hundred dollars (\$500) each, or ten Notes for one hundred dollars (\$100) each, with all unmatured coupons thereto attached. Said Notes for five hundred dollars (\$500) each, or one hundred dollars (\$100) each, issued upon such exchange, may bear such numbers and letters, and legends, and the said exchange may be effected in such manner as may be directed by the Board of Directors of the Company with the approval of the Noteholders Committee hereinafter mentioned, and as may be necessary to comply with the rules of any Stock Exchange, or to conform to usage with respect thereto.

The Chase National Bank of the City of New York is hereby appointed agent of the Company for the purpose of effecting all exchanges of Notes mentioned in this Indenture.

In every case of exchange of Notes, the Trustee shall forthwith cancel the surrendered Note or Notes and coupons, and shall deliver the same to the Company upon its written demand. For any exchange of Notes, the Company may make a charge sufficient to reimburse it for any stamp tax or governmental charge required to be paid, and in addition may charge a sum not exceeding one dollar (\$1) for each Note issued upon such exchange.

SECTION 2. The aggregate principal amount of all the Notes which may be issued and outstanding under this Indenture at any one time shall not in any event exceed the sum of \$6,564,000. The Notes shall be executed in the name and on behalf of the Company by its President or

one of its Vice-Presidents and its corporate seal shall be thereunto affixed and shall be attested by its Secretary or one of its Assistant Secretaries. The Notes shall then be delivered to the Trustee for authentication by it, and thereupon, as provided in Article Two hereof and not otherwise, the Trustee shall authenticate and deliver the same. At the option of the Company from time to time, any of the Notes may be executed, authenticated and delivered originally either as coupon Notes or as registered Notes.

In case the officers who shall have signed any of the Notes shall cease to be such officers of the Company before the Notes so signed shall have been actually authenticated and delivered by the Trustee, such Notes may, nevertheless, be adopted by the Company and be issued, authenticated and delivered, as though the persons who signed such Notes had not ceased to be such officers of the Company; and also any Notes may be signed on behalf of the Company by such persons as at the actual time of the execution of such Notes shall be the proper officers of the Company, although at the date of such Notes such persons may not have been such officers of the Company. The coupons to be attached to the coupon Notes shall be authenticated by the facsimile signature of the present treasurer or of any future treasurer of the Company, and the Company may adopt and use for that purpose the facsimile signature of any person who shall have been such treasurer, notwithstanding the fact that he may have ceased to be such treasurer at the time when the Notes shall be actually authenticated and delivered. Only such of the Notes as shall bear thereon endorsed an authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be issued under this Indenture or entitled to any right or benefit hereunder, and such authentication by the Trustee

on any such Note as aforesaid shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefit of the trusts hereby created. Before authenticating or delivering any coupon Note, all coupons thereto appertaining then matured shall be cut off and cancelled by the Trustee and on its written demand delivered to the Company, and the Trustee shall not authenticate or deliver any registered Note bearing interest from a date more than six months prior to such authentication. The Company and the Trustee may deem and treat the bearer of any coupon Note which shall not be registered as to principal, and the bearer of any coupon for interest on any coupon Note, whether such Note shall have been so registered or not, as the absolute owner of such Note or coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Company and the Trustee shall not be affected by any notice to the contrary. The Company and the Trustee may deem and treat the registered owner of any coupon Note which has been registered as to principal as the absolute owner of such Note for all purposes except the payment of coupons, and may treat the person in whose name any registered Note without coupons is registered as the absolute owner thereof for all purposes, and the Company and the Trustee shall not be affected by any notice to the contrary.

SECTION 3. The registered Notes without coupons may be of the denominations of \$1,000 or any multiples thereof. The registered Notes shall respectively be dated the day of issue and shall bear interest from the first day of June or the first day of December, as the case may be, next preceding the date of the Notes, unless dated June 1st or December 1st, and in that event from the date thereof. Whenever any Notes shall be originally

issued as registered Notes without coupons there shall be reserved by the Company unissued an aggregate principal amount of coupon Notes of the denominations of \$1,000 each, equal to the principal amount of the registered Notes without coupons so issued, and the serial number or numbers of the coupon Note or coupon Notes so reserved unissued shall by the Company be endorsed on such registered Notes issued in lieu thereof. Every registered Note without coupons shall bear thereon an endorsement in substantially the following form, viz. :

“The within Note is issued in lieu of or in exchange for coupon Note(s) No(s) M—for \$1,000 each not contemporaneously outstanding; and coupon Note(s) of said denomination and bearing said serial number(s) will be issued in exchange for this Note upon its surrender and cancellation.”

Whenever any registered Note or Notes shall be surrendered for transfer, the Company shall execute and the Trustee shall authenticate and deliver upon surrender and cancellation of the Note or Notes transferred, one or more registered Notes without coupons for a like principal amount, bearing interest from the last preceding interest day, and which shall have endorsed thereon the same serial number or numbers of coupon Notes which were endorsed upon the registered Note or Notes so surrendered and cancelled. For any transfer of registered Notes, the Company at its option may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge connected therewith, and also of the further sum of not exceeding one dollar for each new Note issued upon such transfer.

SECTION 4. Until the definitive Notes shall be prepared, the Company may execute and, upon the request

of the Company, the Trustee shall authenticate and deliver, in lieu of definitive Notes and subject to the same provisions, limitations and conditions, one or more temporary printed, lithographed or typewritten Notes of the denomination of \$100 or of any multiple thereof, substantially of the tenor hereinbefore recited, but without coupons, and with appropriate omissions, insertions and variations, as may be required. Each of said Temporary Notes shall bear upon its face the words "Temporary Five Year Seven and One-half Per Cent Sinking Fund Convertible Gold Note, exchangeable for Definitive Note(s)". The authentication by the Trustee on any said temporary Note shall be conclusive evidence and the only evidence that the temporary Note so authenticated has been duly issued hereunder, and that the holder is entitled to the benefit of the trust hereby created. Upon surrender of said temporary Notes for exchange, the Company, at its own expense, shall prepare and execute, and, upon cancellation of said surrendered temporary Notes, the Trustee shall authenticate and shall deliver in exchange therefor, definitive Notes for the same aggregate principal amount as the temporary Notes surrendered and otherwise in accordance with said temporary Notes. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits of this Indenture as the definitive Notes to be issued and authenticated hereunder, and interest, when and as payable, shall be paid and notation of such payment endorsed thereon upon presentation thereof for that purpose.

SECTION 5. In case any coupon Note, with the coupons thereto appertaining, or any registered Note without coupons, or any temporary Note without coupons, shall become mutilated or be destroyed or lost, the Company, in its discretion, may execute, and thereupon the



Trustee shall authenticate and deliver, a new Note of like tenor, date and amount and bearing the same serial number, in exchange and substitution for, and upon cancellation of, the mutilated coupon Note and its coupons, or the mutilated registered or temporary Note without coupons, or in lieu of and substitution for the coupon Note and its coupons, or the registered or temporary Note without coupons, so destroyed or lost. The applicant for such substituted Note shall furnish to the Company and to the Trustee evidence of the destruction or loss of such coupon Note and its coupons, or of such registered or temporary Note without coupons, so destroyed or lost, which evidence shall be satisfactory to the Company and to the Trustee, in their discretion. Said applicant shall also furnish indemnity satisfactory to the Company and to the Trustee, in their discretion, and shall comply with such other reasonable regulations as they or either of them may prescribe. The Trustee shall incur no liability to anyone by reason of anything done or omitted by it in good faith under the provisions of this section.

SECTION 6. The Company will keep, at the office of the Trustee in the Borough of Manhattan, the City of New York, a sufficient register or registers for the registration and transfer of the Notes; and, upon presentation for such purposes, the Company will, under such reasonable regulations as it may prescribe, register therein any of the Notes. The holder of any coupon Note may have the ownership thereof registered at said office, and such registration noted on the Note. After such registration no transfer shall be valid unless made at said office by the registered holder in person or by his attorney thereunto duly authorized and similarly noted on the Note. Upon presentation to the Registrar, at said office, of any coupon

Note registered as to principal, accompanied by delivery of a written instrument of transfer in form approved by the Company, executed by the registered holder in person or by his attorney thereunto duly authorized, such Note shall be transferred upon such register and such transfer shall be noted by the Registrar upon the Note. The registered holder of any coupon Note registered as to principal shall also have the right to cause the same to be registered as payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such Note, when due, shall be payable to the person presenting the same. Any coupon Note registered as payable to bearer may be registered again in the name of the holder with the same effect as a first registration thereof. Successive registrations and transfers, as aforesaid, may be made from time to time as desired, and each registration of a Note shall be noted by the Registrar thereon. The registration of any coupon Note, however, shall not affect the negotiability by delivery merely of coupons appertaining to such Note, but every such coupon shall continue to pass by delivery and shall remain payable to bearer, and payment thereof to bearer shall fully discharge the Company in respect of the interest therein mentioned whether or not such Note be registered. For any such transfer or registration of a coupon Note, the Company may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge. The Trustee is hereby appointed the Note Registrar of the Company for the purposes in this Indenture set forth.

SECTION 7. The holder of any coupon Note or Notes of the denomination of \$1,000 may at his option surrender the same with all unmatured coupons thereunto appertaining for cancellation and receive in exchange therefor

as hereinafter provided an equal principal amount of registered Notes without coupons. The registered holder of any registered Note without coupons may at his option surrender the same for cancellation and receive in exchange therefor as hereinafter provided an equal principal amount of coupon Notes. Every registered Note without coupons shall as hereinbefore provided be transferable by the registered holder thereof in person or by his duly authorized attorney on the books of the Registrar kept at its said office and upon the surrender and cancellation thereof one or more new registered Notes without coupons shall be issued to the transferee in exchange therefor.

SECTION 8. Whenever any coupon Note or coupon Notes of the denomination of \$1,000, together with all unmatured coupons thereunto appertaining shall be surrendered for exchange for a registered Note or Notes without coupons, accompanied, if registered, by an instrument of assignment in blank in form satisfactory to the Trustee, the Company shall execute and thereupon the Trustee shall authenticate and deliver in exchange for such coupon Note or coupon Notes a registered Note or Notes of an equal principal amount bearing interest from the due date of the last matured coupon of such coupon Note or coupon Notes, which registered Note or registered Notes without coupons shall have endorsed thereon the serial number or numbers borne by the coupon Note or coupon Notes so surrendered for exchange. Whenever any registered Note without coupons shall be surrendered for exchange for one or more coupon Notes of the denomination of \$1,000, accompanied by an instrument of assignment in blank in form satisfactory to the Trustee, the Company shall execute and the Trustee shall certify and deliver in exchange for such

registered Note without coupons an equal principal amount of coupon Note or Notes bearing the serial number or numbers endorsed upon the registered Note without coupons so surrendered and with coupons for interest thereto attached, maturing on and after the next ensuing interest payment date.

For any exchange of coupon Notes for registered Notes without coupons or of registered Notes without coupons for coupon Notes, the Company at its option may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge connected therewith or resulting therefrom, and also of a further sum of not exceeding One dollar (\$1) for each new Note issued upon such transfer or exchange.

SECTION 9. The Company, with the consent of the Noteholders Committee hereinafter mentioned, may modify any of the provisions contained in this Article with respect to the registration and exchange of Notes, the numbering, notations, legends or endorsements thereon and the details with respect thereto in order to comply with any rules and regulations of any Stock Exchange on which the Notes are to be or have been listed or for any other reason deemed suitable by the Committee.

## ARTICLE TWO.

### ISSUE OF NOTES.

SECTION 1. The Trustee, upon the execution and delivery of this Indenture and without any further action on the part of the Company, shall at any time or from time to time authenticate \$6,564,000 aggregate principal amount of Notes and deliver them at any time or from time to time on the written order of the Company, signed

by its President or one of its Vice-Presidents, or its Treasurer or one of its Assistant Treasurers, and by its Secretary or one of its Assistant Secretaries. Such order or orders shall be full authority and protection to the Trustee for its authentication or delivery of such Notes under the foregoing provisions of this Article.

### ARTICLE THREE.

#### PARTICULAR COVENANTS OF THE COMPANY.

The Company covenants with the Trustee as hereinafter in this Article set forth:

SECTION 1. The Company will duly and punctually pay the principal of each and every of the Notes, and the interest accruing thereon, at the times and place and in the manner mentioned in the Notes and in the coupons appertaining to the coupon Notes, according to the true intent and meaning thereof, without deduction from either principal or interest for any tax or taxes, assessments or other governmental charges (other than inheritance taxes and federal excess profits and income taxes in excess of 2% per annum) which the Company or the Trustee may be required or permitted to pay thereon or to retain therefrom under any present or future law of the United States of America, or of any state, county, municipality or other lawful taxing authority therein, and the payment of any such tax or taxes, assessments and other governmental charges the Company hereby assumes. The interest shall be payable on the coupon Notes only upon presentation and surrender of the respective coupons annexed to the Notes as such coupons respectively shall mature. When and as paid, all coupons shall forthwith be cancelled. The interest on the registered Notes without coupons shall be payable only to or upon the order of the registered holders thereof.

SECTION 2. At all times, until all of the Notes shall have been paid, provided for or converted into common stock of the Company pursuant to the provisions of Article Six hereof, the Company either will keep an office or an agency in the Borough of Manhattan, in the City of New York, where notices and demands in respect to the Notes and coupons may be served, and by written notice will designate such office or agency to the Trustee, or will designate by written notice to the Trustee a bank or trust company in said Borough for such purpose. In default of any such office or agency, or of such designation, demands may be made and notices may be served in said Borough at the office of the Trustee.

SECTION 3. The Company shall and will (except as otherwise permitted by this Indenture) diligently preserve all the rights and franchises to it granted and upon it conferred, in so far as they shall continue to be advantageous to the Company, and shall and will at all times maintain, preserve and keep its plants, including fixtures and appurtenances, and every part thereof, in good repair, working order and condition, and will from time to time make all needful and proper repairs, renewals and replacements. The Company will promptly pay and discharge all taxes, assessments and governmental charges lawfully levied or imposed upon it, as well as all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien or charge upon its property. Provided, however, that the Company shall have the right in good faith to contest any such tax, assessment, charge or claim, and, pending such contest, to delay or refuse payment thereof.

SECTION 4. The Company will exercise all lawful powers which as stockholder or otherwise it may possess,



to the end that each subsidiary and controlled company of the Company, as the terms are hereinafter defined, shall (a) preserve its corporate organization (except as otherwise permitted by this Indenture) and do no act by which it might incur a forfeiture of its corporate existence; (b) promptly pay and discharge all taxes, assessments and governmental charges lawfully levied or imposed upon it, as well as all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien or charge upon its property; provided, however, that it shall have the right, in good faith to contest any such tax, assessment, charge or claim and, pending such contest, to delay or refuse payment thereof; (c) keep its property and plants, if any, in good repair, working order and condition and properly insured; and (d) not increase the amount of its capital stock issued and outstanding, unless forthwith upon the issue thereof there shall be made effective provision that such additional stock so issued (or such part of such additional stock as shall equal the ratio of the amount of the capital stock of said subsidiary or controlled company owned by the Company immediately preceding the issue of such additional stock to all of the capital stock of said subsidiary or controlled company outstanding at that time) shall forthwith upon the issue thereof be acquired by the Company.

SECTION 5. The Company agrees that no mortgage, lien or encumbrance exists on or against its properties or any part thereof or the income therefrom except mortgages aggregating in principal amount not in excess of \$50,000. The Company will not create or permit to be created any mortgage, pledge, lien or other encumbrance upon any of its properties or upon the income thereof, and will not issue any debentures or notes or obligations maturing later than one year from their respective dates in addi-

tion to the Notes to be issued under this Indenture. The Company will not permit any subsidiary or controlled company to create any mortgage, pledge, lien or other encumbrance upon any of the properties or upon the income thereof of any such subsidiary or controlled company nor to issue any preferred stock, debentures, notes or obligations maturing more than one year from their respective dates. The Company may, however, with the approval of the Noteholders Committee create purchase money mortgages or other purchase money liens and permit any subsidiary or controlled company so to do, but the Company agrees that the principal thereof and interest thereon shall be duly paid when due and all the terms and provisions thereof duly observed.

SECTION 6. The term "subsidiary" or "subsidiary company", as used in this Indenture, shall mean any company all or substantially all of the outstanding capital stock of which having voting power is at the time owned by the Company, either directly or through one or more subsidiary companies. "Substantially all" of the outstanding voting capital stock shall mean at least ninety-eight per cent. of such outstanding voting capital stock. It shall not, however, be deemed, to include a corporation all of the capital stock of which, or all of the capital stock of which except directors' shares, shall be owned by a controlled company.

The term "controlled company", as used in this Indenture shall mean any company, other than a subsidiary company, 51% or more of the outstanding capital stock of which, having voting power, is at the time owned by the Company, either directly or through one or more subsidiary companies.

"Quick assets", as the term is used in this Indenture, shall mean (a) cash and cash items, (b) merchandise

manufactured, produced, prepared, or in process of manufacture, production or preparation, and raw materials, by-products and supplies of all kinds, including operating but not equipment expenses for current crops not otherwise included, (c) hogs and other live stock readily marketable and (d) good and valid and collectible accounts receivable which shall not have been created more than one year prior thereto, and good and valid and collectible bills receivable which shall not mature more than one year subsequent to their date (all material and product in current process of manufacture shall be taken at cost, exclusive of interest, and all stocks of merchandise, supplies and all other material and product, including raw material and finished product and live stock, shall be taken at cost, exclusive of interest, if such cost be below market value, but at market value if that be below cost); and (e) bonds and obligations of the United States Government and other securities readily marketable taken at their fair market value, except stock of subsidiary or controlled companies. Receivables or other obligations owing to the Company from any subsidiary or controlled company shall not, without the consent of the Noteholders Committee, be included as quick assets unless the quick assets of such subsidiary or controlled company, as herein defined, shall be equal to one and three-quarter times its liabilities, as herein defined, and provided that such receivables or obligations are not created to provide funds for capital expenditures of the subsidiary or controlled company. In the case of a subsidiary company its quick assets and liabilities as herein defined shall either be included in the quick assets and liabilities of the Company upon the basis of a consolidated balance sheet, or, at the option of the Company, it may determine its quick assets and liabilities on the basis of its own balance sheet, treating its stock interest

in its subsidiary companies as investments. If, however, its interest in the quick assets of any subsidiary is to be determined, all stock of such subsidiary held by others shall be deducted from the quick assets in arriving at the proportion of quick assets to which the Company is entitled. There shall not be included as quick assets any receivables or obligations to the Company or any subsidiary from corporations in which the Company or any subsidiary company shall have a substantial holding of stock which were issued or created to provide funds for capital expenditures. All United States Government obligations may be excluded from quick assets, in which event any amounts borrowed to purchase them and then owing by the Company shall be excluded from the liabilities. The term "liabilities" as used in this Indenture shall mean liabilities due or not due, contingent or direct, including all Notes which shall then be outstanding under such Indenture (not including Notes in the sinking fund), and including all taxes accrued and unpaid at the end of any fiscal year, and that part of the instalment to the sinking fund that shall next be payable which the time that shall have elapsed since the last preceding payment date bears to one year upon the basis of the greatest amount of Notes at any time outstanding. Contingent obligations of the Company, however, need not be included among the liabilities if they are secured to the satisfaction of the Noteholders Committee hereinafter provided for. Net quick assets shall mean "quick assets" as herein defined less "liabilities" as herein defined.

SECTION 7. The Company will not after September 30, 1920, declare or pay any dividends on its preferred or common stock at any time when its net quick assets as hereinbefore defined are not at least equal to one and three-fourths times the face amount of the Notes at the

time outstanding, or when by the payment of any such dividend the net quick assets would be reduced below such ratio.

SECTION 8. The Company will at all times have and maintain quick assets as hereinbefore defined double its liabilities as hereinbefore defined, excluding from such liabilities, however, (but for the purpose of this Sentence only) the amount of Notes then outstanding hereunder. The Company will at all times have quick assets as hereinbefore defined equal to 125% of the amount of its liabilities as hereinbefore defined including the amount of Notes at the time outstanding hereunder.

SECTION 9. Except as permitted by Article Eleven of this Indenture the Company will not merge or consolidate with any company or companies or concerns, nor sell or lease its properties as an entirety, nor permit any subsidiary so to do except with or to itself or any other subsidiary nor (unless the proceeds are applied towards the redemption of said Notes, or permanent assets of equal value are substituted therefor) sell or otherwise dispose of any important portion of its permanent assets or permit any subsidiary so to do, except as aforesaid.

SECTION 10. The Company will furnish the Noteholders Committee, hereinafter mentioned, semi-annually and at such other times as the Committee may request a balance sheet and income account and other financial statements of the Company and its subsidiaries, setting forth in reasonable detail the financial condition of the Company and subsidiaries at the time and a statement showing the aggregate value of the quick assets and the aggregate amount of the liabilities as hereinbefore defined, and also in the case of controlled companies to the extent that the Company is able so to do.

SECTION 11. The Company agrees to promptly pay or discharge, extend or renew, or cause to be paid or discharged, extended or renewed, any and all of its debts, expenses and obligations as the same shall mature and become payable, and any and all other legal claims and demands which may at any time be made against it, provided, however, that nothing in this Section contained shall require the Company to pay or discharge, or cause to be paid or discharged, the same so long as in good faith the validity thereof shall be contested.

SECTION 12. The Company will at all times either insure and keep insured at a fair value its properties and assets or so much thereof as is customarily insured by corporations of like character against loss or damage by fire, or in lieu thereof, in respect of all or any part of such properties or assets will maintain a system of self-insurance which will accord with the most approved practice of corporations maintaining such systems, and in such case will maintain an adequate insurance reserve.

SECTION 13. The Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further agreements, acts and assurances in the law to carry out and effectuate the purposes and intents hereof as the Noteholders Committee hereinafter mentioned or the Trustee shall reasonably require.

SECTION 14. The Company covenants and agrees to observe and perform any and all terms, conditions, provisions and agreements at any time prescribed by the Noteholders Committee in connection with any consent, waiver or concession given by the Committee hereunder in any case, and which the Company has accepted by acting under the same or otherwise.



SECTION 15. The Company will not, directly or indirectly, extend or assent to the extension of the time of payment of any Note or coupon or any interest due on any registered Note without coupons, and will not, directly or indirectly, be a party to or approve any arrangement thereof by the purchase or funding of any of said Notes or coupons or interest charges.

Neither any coupon belonging to any coupon Note, nor any claim for interest on any registered Note without coupons, which shall have been extended in contravention of the provisions of this Section, nor any such coupon or claim for interest which in any way at or after maturity shall have been transferred or pledged separate or apart from the Note to which it relates, unless accompanied by such Note, shall be entitled in case of a default hereunder to any benefit of or from this Indenture, except after the prior payment in full of all of the Notes and of all coupons and interest obligations not so extended, transferred or pledged.

SECTION 16. The Company will reimburse to any holder or registered owner of any Note issued hereunder, when paid by any such holder or registered owner thereof, all taxes (other than succession or inheritance taxes) assessed by the Commonwealth of Pennsylvania under any statute of said Commonwealth upon any Notes, or upon any holder or registered owner thereof as a resident of said Commonwealth by reason of his ownership thereof, whether for State, County or Municipal purposes, but not taxes imposed by any County or other political subdivision of said Commonwealth upon any such Note or upon the holder or registered owner thereof, but not in excess of four (4) mills per annum for each dollar of the value of such Notes, provided that such holder or registered owner is legally liable for the payment of such tax or

taxes, upon written demand for such reimbursements, setting forth the fact of ownership of any such Notes and the place of residence of such holder or registered owner at the time such tax or taxes were assessed, together with the serial number or numbers of said Notes, and that such tax or taxes were assessed upon and paid by such holder or registered owner because of the ownership by him of any said Notes, and provided further that the Company shall not have theretofore paid to the Commonwealth of Pennsylvania the amount of such tax applicable to the Note or Notes held or owned by the Noteholder making such application. Such demand shall be made upon the Company in writing at its office in the City of New York within sixty days after the respective dates of each and every payment of such tax or taxes by any such holder or registered owner, and the Company shall not be liable to reimburse any holder or registered owner of Notes for any such tax or taxes unless such demand be made within said period of sixty days, nor to reimburse any holder or registered owner of Notes for any interest or penalty assessed upon or paid in addition to the amount of such tax as originally assessed.

## ARTICLE FOUR.

### REDEMPTION OF NOTES.

SECTION 1. The Company may, at its election, at any time, pay off and redeem any or all of the Notes at one hundred and five per cent. (105%) of the face value thereof and accrued interest, if redeemed on or prior to June 1, 1921; at one hundred and four per cent. (104%) of the face value thereof and accrued interest, if redeemed thereafter and on or prior to June 1, 1922; at one hundred and three per cent. (103%) of the face value thereof and accrued interest, if redeemed thereafter and

on or prior to June 1, 1923; at one hundred and two per cent. (102%) of the face value thereof and accrued interest, if redeemed thereafter and on or prior to June 1, 1924; and at one hundred and one per cent. (101%) of the face value thereof and accrued interest, if redeemed thereafter and prior to June 1, 1925. In case the Company shall elect to exercise such right of redemption, it shall give notice thereof by publication at least once a week for eight successive weeks prior to the date on which such payment and redemption is to be made, the first publication to be made not less than sixty (60) days nor more than ninety (90) days prior to such redemption date, in two daily newspapers of general circulation published in the Borough of Manhattan, in the City of New York, stating such election on the part of the Company and specifying, in case less than all of the Notes are to be redeemed, the numbers of the Notes to be redeemed (and which, previously to the publication of such notice, shall have been designated by lot under the direction of the Trustee in such way or ways as the Trustee in its unrestricted discretion may determine), and stating that the interest on the Notes in such notice designated for redemption shall cease on such redemption date, and requiring that said Notes be presented on said date for payment and redemption. A similar notice shall be mailed by the Company, postage prepaid, at least eight weeks prior to said date fixed for redemption, to all registered holders of coupon Notes and to the holders of registered Notes to be redeemed whose addresses shall appear upon the register or registers of the Company. Notice having been so published and mailed the Notes so designated for redemption shall on the date designated in such notice become due and payable at the office of the Trustee in the Borough of Manhattan in the City of New York at the redemption price aforesaid, and prior to the

redemption date the Company will deposit with the Trustee an amount sufficient to redeem the Notes then called for redemption on such date; and from and after the date of redemption so designated (unless the Company shall make default in payment of the Notes) interest on the Notes so designated for redemption shall cease to accrue, and upon surrender at the office of the Trustee of the Notes specified in said notice in accordance with said notice, together with all coupons thereto appertaining, if coupon Notes, maturing on and after said date of redemption, if an interest date or after said date of redemption if not an interest date, the Notes shall be paid by the Company at the redemption price aforesaid. If not so paid upon surrender thereof, said Notes shall continue to bear interest at the rate therein expressed until payment.

SECTION 2. On deposit with the Trustee of the amount necessary so to redeem all of the Notes outstanding, and on delivery to the Trustee of (1) proof satisfactory to the Trustee that notice of redemption thereof on a specified redemption date has been published and mailed, as aforesaid, or (2) proof satisfactory to the Trustee that arrangements have been made insuring to the satisfaction of the Trustee that such notice will be so published and mailed, or (3) a written instrument executed by the Company, under its corporate seal, and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Company and on payment to the Trustee of all costs, charges and expenses in relation thereto, then the Trustee shall cancel and satisfy this Indenture. The Trustee shall apply the moneys so deposited with it to the payment at the redemption price aforesaid of the Notes so called for redemption, but shall in no event be liable beyond the amount so deposited with it. Any moneys so deposited which shall not be required for the

purpose for which such deposit was made shall be repaid to the Company upon its written request; and any such moneys remaining unclaimed by the holders of Notes and coupons for six years after the specified redemption date shall be paid by the Trustee to the Company; provided, however, that the Trustee, before being required to make any such payments, may, at the expense of the Company, cause notice that said moneys have not been so called for and that after a date named therein they will be returned to the Company to be published once a week in each of four successive weeks in a daily newspaper of general circulation published in said Borough of Manhattan.

SECTION 3. All Notes redeemed or paid pursuant to the provisions of this Article Four and the appurtenant coupons shall be canceled and shall not be subject to reissuance except that Notes redeemed through the Sinking Fund shall be kept alive therein as hereinafter provided.

## ARTICLE FIVE.

### SINKING FUND.

SECTION 1. The Company covenants and agrees that it will pay to the Trustee, as and for a sinking fund to be applied as hereinafter in this Article Five provided, on the first day of June in each year beginning with the year 1921, a sum equal to five per cent. of the greatest aggregate face amount of the Notes at any time outstanding hereunder. The Company shall have the right to exceed said sinking fund requirements in any year and to have any excess payment or payments credited against its said sinking fund obligation in subsequent years as the Company shall designate. In case

any of the Notes shall be converted into common stock of the Company pursuant to the provisions of Article Six hereof, the Company shall be credited with an amount equal to the principal amount of the Notes so converted on its obligation to make payments to the sinking fund, and accordingly shall not be obligated to make any payments to the sinking fund at any time when the aggregate principal amount of the Notes converted is in excess of the aggregate of the payments to the sinking fund required to be made by it up to that time and not then made, or if such aggregate of payments required to be made to the sinking fund and not then made is in excess of the principal amount of Notes converted the Company shall only be obligated to pay to the sinking fund such excess and so on from time to time.

SECTION 2. All moneys received by the Trustee for the sinking fund shall be applied by it from time to time, as soon as reasonably practicable after the receipt thereof, to the purchase of Notes issued under this Indenture at the best price or prices obtainable by the Trustee, not exceeding the redemption price at the time current, such purchase to be made by the Trustee at public or private sale or otherwise and after or without inviting tenders of Notes, as it may in its discretion determine, at the best price or prices obtainable by it considering the amount or amounts of Notes purchased, not exceeding said redemption price. The Company may make any tenders or sales of Notes to the Trustee for the sinking fund. The moneys in the sinking fund not applied to the purchase of Notes as aforesaid on or before the 1st day of August in each year shall (unless the amount be less than \$25,000) be applied by the Trustee forthwith to the redemption of Notes, at the redemption price aforesaid, the Notes so to be redeemed to be designated by lot under the direction



of the Trustee as provided in Article Four hereof. The Notes so to be redeemed having been so designated, the Trustee shall give notice to the Company to that effect specifying the numbers thereof, and the Company shall forthwith give notice of such redemption as in said Article Four provided to be given for the redemption of Notes pursuant to said Article; or the Trustee may, at the expense of the Company, give such notice. Said notice having been published as in said Article Four provided, the Notes so designated for redemption shall on the date specified in said notice become due and payable at said redemption price. From and after the date of redemption so designated (unless default shall be made in the payment of said Notes) interest on the Notes so designated for redemption shall cease to accrue, and on surrender of the Notes specified in the notice of redemption in accordance with said notice, with all appurtenant coupons maturing on and after said redemption date, if an interest date or after said date of redemption if not an interest date, said Notes shall be paid by the Trustee at the redemption price aforesaid.

SECTION 3. Until the designation by lot of Notes for redemption as aforesaid, all moneys in the sinking fund shall be held by the Trustee as security for all the Notes outstanding under this Indenture; but from and after such designation all such moneys to the extent required for the purpose shall be held for the payment of the Notes so designated for redemption. In case after such designation any of the Notes so designated for redemption shall be converted into common stock of the Company pursuant to the provisions of Article Six hereof, then, upon the request of the Company, the Trustee shall repay to the Company out of the moneys theretofore paid to it for the sinking fund an amount equal to the redemption price of the Notes so converted.

SECTION 4. All Notes purchased or redeemed by the application of moneys in the sinking fund shall not be cancelled but shall be kept alive in the sinking fund and shall continue to bear interest which shall be credited to the sinking fund to be applied as hereinbefore provided. All such Notes shall by the Trustee be stamped "Not negotiable. Property of the Sinking Fund under Indenture of American Sumatra Tobacco Company dated June 1, 1920."

## ARTICLE SIX.

### CONVERSION OF NOTES INTO COMMON STOCK.

SECTION 1. At the option of the holders or registered owners thereof, any and all Notes issued under this Indenture may be converted at their face value, at any time on or after October 1, 1920, and prior to the date of maturity thereof (except as hereinafter in Section 5 of this Article Six provided) into shares of the common stock of the Company, as its common stock shall be constituted at the time of such conversion, at the rate or rates stated or determined as hereinafter set forth in Section 4 of this Article Six, provided that the respective holders or registered owners of the Notes to be converted shall have given the Company, at the said office of the Trustee in the Borough of Manhattan, in the City of New York, written notice of election to convert such Note or Notes at least five days prior to the date specified in such notice for such conversion and, at the time of giving such notice, shall have surrendered to the Trustee, at its office in said Borough of Manhattan, the Note or Notes to be converted as stated in said notice, together with all then unmatured coupons thereto appertaining, if coupon Note or Notes, any Note or Notes registered as to principal to be transferred in blank or to bearer and any registered

Notes without coupons to be assigned in blank, prior to such surrender thereof. Said requirement of a five days' notice shall not, however, so operate as to shorten the time within which the holder or registered owner of Notes may exercise said conversion privilege, which shall be deemed to have been exercised in respect of the Notes mentioned in any such notice, when said notice shall have been given and said Notes and coupons shall have been surrendered, as aforesaid.

SECTION 2. In case any fraction of a share of said common stock shall be deliverable upon any such conversion, the Company shall have the right to, and shall, purchase it at the then conversion price, which conversion price shall be an amount in cash equal to so much of the face amount of the Notes as shall represent such fractional interest. In case the aggregate fractions of shares represented by any Notes surrendered for conversion shall equal one or more full shares of said stock, the holder or registered owner of such surrendered Notes shall be entitled to receive, and the Company shall deliver to him, one or more certificates representing such full share or shares of said common stock accordingly, and the Company shall have the right to, and shall, purchase from the holder or registered owner of said surrendered Notes the excess fraction of a share, if any, at the then conversion price. At the time of any such conversion, a cash adjustment shall be made in the manner hereinafter provided between the Company and the holder or registered owner of any Note surrendered on such conversion in respect of the interest accrued on such Note and any dividends on the shares of stock to be delivered in exchange therefor.

SECTION 3. The Company shall deliver from time to time to the respective holders or registered owners of

Notes in respect of which any notice as aforesaid shall have been given, or to their respective assigns, and in exchange therefor, stock certificates representing the number of shares of stock into which such Notes shall be convertible. The stock certificates so delivered shall be in the names of the respective holders or registered owners of Notes so surrendered for conversion (or in such names as they may direct, in which case they shall pay all stock transfer taxes that may be payable in respect thereof). The Company shall pay the amount of any and all taxes which may be imposed in respect of any issue or delivery of stock pursuant to the provisions of this Article Six and which shall be payable in order that such stock may be issued in the name of the respective holders or registered owners of the Note or Notes so surrendered for conversion.

SECTION 4. The rate at which common stock of the Company shall be delivered on any such conversion shall be upon the basis of nine and one-half shares of such stock for a \$1,000 Note at any time on or after October 1, 1920 and up to and including December 31, 1921 and thereafter at the rate of nine shares of such stock for a \$1,000 Note. If any additional common stock is at any time on or prior to December 31, 1921, issued by the Company for less than \$104 per share, the rate at which common stock shall be delivered thereafter either before or after December 31, 1921, on conversion shall be reduced to a rate equivalent to the price in money or in fair value of property at or for which such common stock is issued and if not so issued below \$104 per share on or before December 31, 1921, but if issued thereafter at less than \$109 per share the conversion rate shall be likewise reduced, and if, in either such event, any further stock is subsequently issued at a lower price the conversion rate

shall be still further reduced, and so on from time to time. Stock dividends payable in common stock may be declared and paid on the common stock without affecting a reduction in the conversion rate provided they do not exceed in any fiscal year, together with other dividends paid during such fiscal year, the net earnings of the Company and its subsidiaries for such year, and that portion of the net earnings of any controlled company for that year which the stock of the controlled company owned by the Company is of the total outstanding stock of the controlled company (net earnings of subsidiary companies and controlled companies to be included only to such extent as the Company shall be entitled thereto after allowing for preferences therein of preferred stock held by others and to deduction of such part thereof as other common stockholders are entitled), and provided that thirty days notice of the declaration of such dividend prior to the date fixed for taking a record of stockholders for purposes of such dividend shall be given by publication in two daily newspapers published in the Borough of Manhattan, City of New York, once a week for four successive weeks, and each such stock dividend shall be payable to all stockholders of record on such date of record including those receiving stock up to such time on conversion of Notes. Any greater stock dividend shall affect a reduction in the conversion rate as hereinbefore provided. If any common stock is issued by the Company at a price greater than \$104 per share at a time when the conversion rate is nine and one-half shares of stock for each \$1,000 Note or for a price greater than \$109 per share at a time when the conversion rate is nine shares of stock for each \$1,000 Note, the conversion rate shall not be increased so that in no event shall less than nine and one-half shares for each \$1,000 Note on or prior to December 31, 1921, and nine shares for each \$1,000 Note after December 31, 1921,

be deliverable on conversion, and if common stock is issued by the Company at a price in excess of the conversion rate as reduced, as hereinabove provided, the reduced conversion rate shall not be increased on account thereof. If any dispute shall arise between the Company and any holder or registered owner of Notes as to the rate at which common stock is to be delivered and received on conversion, the same may be conclusively determined by the Trustee, which, however, shall be under no duty to make such determination or be liable to anyone either for making or for not making the same.

Upon any such conversion there shall be a cash adjustment of interest and of dividends accrued. To make the cash adjustment hereinbefore mentioned, of accrued interest upon any Note surrendered for conversion as aforesaid, and any dividends upon the stock delivered in exchange therefor, the Company shall, at the time of such conversion, pay to the holder or registered owner of the Note so converted, interest not previously paid on said Note at the rate of seven and one-half per cent. ( $7\frac{1}{2}\%$ ) per annum to the date of conversion; and also, in case the conversion shall occur after the declaration, but before the payment, of a dividend upon the common stock of the Company in which dividend the shares to be delivered in exchange for the Note so converted will not be entitled to participate, an additional amount which, at the current rate of dividend upon the common stock of the Company, will equal the dividend accruing upon the stock delivered in exchanged for the Note so converted from such date of conversion to the date fixed for the payment of the dividend accruing; and, except when the conversion shall occur between the dates aforesaid, the holder or registered owner of the Note so converted shall, at the same time, pay to the Company an amount which at the current rate of dividends will equal the divi-



dend upon the stock delivered in exchange for the Note so converted, from the date upon which the last dividend upon the common stock of the Company was paid to the date of conversion, provided that quarterly dividends shall have been declared or paid for at least six months preceding such date of conversion. The last regular dividend declared by the Company upon its common stock (exclusive of stock dividends and other extraordinary dividends of every character) within six months prior to the date of conversion shall be deemed and taken to determine the current rate of dividends within the meaning of this Indenture. The date of the conversion and the time when the conversion shall occur for the purposes of any computation in this Section 4 provided, shall be deemed to be the date and time when the Notes shall respectively be surrendered to the Trustee for such conversion.

SECTION 5. The Company shall not be required to convert any Note issued hereunder into its common stock while its books for the transfer of said stock shall be closed for any purpose, and the right of conversion hereinbefore and in the Notes provided for shall be suspended during such period; provided, however, that the right of conversion shall not in any case be so suspended for a longer period than thirty (30) days, nor during the last thirty (30) days of the calendar year 1921, nor during the last thirty (30) days of the conversion period. In the case of Notes called for redemption pursuant to the provisions of Article Four or of Article Five hereof, said right of conversion shall continue up to the tenth day next preceding the date fixed for such redemption, and said right of conversion shall not be suspended by a closing of the books for the transfer of said Common Stock during the thirty (30) days next preceding said tenth day.

SECTION 6. The Company covenants and agrees that from time to time and in due course it will take and complete all such proceedings (including the listing of its increased common stock on the New York Stock Exchange) as may be necessary or proper for the issue and delivery of its common stock in such amounts as may be necessary to provide for the conversion into said common stock in accordance with the terms and provisions hereof of all the Notes issued hereunder and covenants and agrees to reserve at all times sufficient of its common stock unissued to effect the conversion of the Notes at the rates as herein provided and to reserve sufficient additional shares unissued from time to time in the event of the change in such conversion rates as herein provided.

SECTION 7. Upon the conversion of any Note into common stock as hereinbefore provided, the Company forthwith shall cancel the surrendered Note and all unmatured coupons thereto appertaining and shall exhibit the same so cancelled to the Trustee; thereupon said Note shall be deemed to be and shall be satisfied and discharged and no Note in place thereof shall be issued by the Company or be authenticated or delivered by the Trustee.

## ARTICLE SEVEN.

### REMEDIES OF TRUSTEE, NOTEHOLDERS COMMITTEE AND NOTEHOLDERS.

SECTION 1. The following events shall be events of default under this Indenture, and the words "event of default" or "events of default" shall mean, whether the same are used in this Indenture or in said Notes, one or more of the following events:

- (a) If default shall be made in the payment of any instalment of interest on any of the Notes,

when and as the same shall become due and payable, and such default shall have continued for a period of sixty days;

(*b*) If default shall be made in the payment of any instalment of the sinking fund hereinbefore provided for, and such default shall have continued for a period of sixty days;

(*c*) If default shall be made in payment of the principal of any of the Notes, when and as the same shall become due and payable, whether at maturity or by declaration or acceleration or otherwise;

(*d*) If an order shall be made for the appointment of a receiver or receivers of the Company, or of any subsidiary company, or of the properties or of any substantial part thereof of either of them by a court of competent jurisdiction and any such order shall have continued in effect for a period of thirty days, or for the appointment of a trustee in bankruptcy for the Company, or for any subsidiary company, or for the segregation of the assets or the winding-up or liquidation of the business and affairs of either of them, or in case corporate action shall be taken or permitted, or suffered to be taken, on the part of the Company, or of any subsidiary company, or the Company, or any subsidiary company, shall procure measures to be taken for any of the aforesaid purposes;

(*e*) If any of the important property of the Company, or of any subsidiary company, shall be seized upon any writ of attachment or other legal process and it shall not within thirty days thereafter cause such property to be released and dis-

charged therefrom by giving bond or otherwise, or in case any judgment recovered against the Company, or any subsidiary company, shall remain in force without a stay of proceedings thereon and unsatisfied or unsecured by an undertaking on appeal for a period of thirty days after the entry thereof;

(f) If default shall be made by the Company in not observing and complying with the provisions, or any of them, of Section 5, Section 7, Section 8 and Section 9 of Article Three of this Indenture;

(g) If default shall be made by the Company in the observance or performance of any of the terms, conditions, agreements or provisions that may be hereafter prescribed by the Noteholders' Committee in connection with any consent, waiver or concession of the Noteholders' Committee given hereunder in any case, and the Company has accepted said terms, conditions, agreements or provisions by acting upon such consent, waiver or concession or otherwise;

(h) If default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Company, in the said Notes or in this Indenture contained, and such default shall continue for a period of thirty days after written notice to the Company from the Trustee or from the Noteholders Committee specifying such default and requiring the same to be remedied.

SECTION 2. If any one or more of the events of default shall happen, then and in every such case the Trustee, by a notice in writing mailed to the Company by regis-

tered mail addressed to the Company at No. 142 Water Street, in the Borough of Manhattan, City and State of New York, (or at any other address furnished at any time by the Company to the Trustee for the purpose) may, and upon the written request of said Noteholders' Committee shall, declare the principal of all of the said Notes then outstanding, and interest thereon, if not already due, to be due and payable immediately, and upon any such mailing of such notice in writing, the same shall become and be immediately due and payable, anything in this Indenture or in said Notes contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if at any time after the principal of the Notes shall have so become due and payable, and prior to the date of maturity thereof stated in the Notes, all arrears of interest, if any, upon all the Notes (with interest at the rate of seven and one-half per cent. per annum on any overdue interest), and the expenses of the Trustee, shall be paid by the Company, and every other existing event of default not waived by the Committee as herein permitted shall be made good or be secured to the satisfaction of the Noteholders Committee, or provision deemed by the Committee to be adequate shall be made therefor, then and in every such case the Committee, by written notice to the Company and to the Trustee, may waive the default by reason of which the principal of the Notes shall have so become due and payable, and may rescind and annul such declaration and its consequences; but no such waiver, rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 3. If one or more of the events of default shall happen, the Trustee, personally or by attorney, in its discretion may proceed to protect and to enforce its

rights and the rights of noteholders under this Indenture, by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel learned in the law, shall deem most effectual to protect and enforce any of its rights or duties hereunder.

SECTION 4. In case one or more of the events of default shall happen, upon the written request of the said Committee it shall be the duty of the Trustee, upon being indemnified to its satisfaction, to take all steps so requested for the protection and enforcement of its rights and the rights of the holders of the Notes and coupons, and to take appropriate judicial proceedings by action, suit or otherwise as shall be so requested by said Committee; and anything in this Indenture to the contrary notwithstanding to such extent as shall be lawful said Committee shall have the right to direct and to control the method and place of conducting any and all proceedings.

SECTION 5. In case

(1) default shall be made in the payment of any instalment of interest on any of the Notes at any time outstanding under this Indenture, and such default shall have continued for a period of sixty days; or

(2) default shall be made in the payment of the principal of any of the Notes, when and as same shall become payable, whether at maturity or by declaration or otherwise,



then, upon demand of the Trustee or the Committee, the Company will pay to the Trustee for the benefit of the holders and registered owners of the Notes and coupons issued hereunder and then outstanding, the whole amount which then shall have become due and payable on all such Notes and coupons then outstanding for interest or principal or both, as the case may be, with interest at the rate of seven and one-half per cent. per annum upon the overdue Notes and overdue interest; and in addition thereto such further amount as shall be sufficient to cover the cost and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel and any expenses or liabilities incurred by the Trustee hereunder and the reasonable compensation of the Committee. Until such demand shall be made by the Trustee or the Committee, the Company may pay the principal and interest of the Notes to the holders and registered owners thereof, and shall not be affected by any notice to the contrary, whether the Notes are overdue or not. If, however, demand shall be so made, payment of the Notes or of the coupons shall be made thereafter only to the Trustee.

SECTION 6. In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee in its own name and as trustee of an express trust shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company, and collect the moneys adjudged or decreed to be payable out of the property of the Company wherever situated, in the manner provided by law.

SECTION 7. All rights of action under this Indenture or on any of the Notes or coupons may be enforced by the Trustee without the possession of any of the Notes or coupons or the production thereof on any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee and any recovery of judgment shall be for the ratable benefit of the holders or registered owners of the Notes and coupons.

SECTION 8. Any moneys collected by the Trustee under this Article Seven shall be applied by the Trustee as follows:

*First.* To the payment of costs and expenses, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and the Committee, and of all expenses, liabilities and advances incurred or made by the Trustee and the Committee hereunder.

*Second.* To the payment of the amounts then due and unpaid upon the Notes and coupons in respect of which such moneys shall have been collected, ratably and without preference or priority of any kind, according to the amounts due and payable upon such Notes and coupons, respectively, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several Notes and coupons and stamping thereon the payment, if only partially paid, and upon the surrender and cancellation thereof, if fully paid.

These provisions, however, are not intended in any wise to modify the provisions of Section 15 of Article Three of this Indenture, but are subject thereto.

SECTION 9. The Trustee shall, upon the written request of the Committee, waive any default hereunder and its consequences, except (1) a default in the covenants contained in Article Six of this Indenture providing for the conversion of Notes into common stock of the Company and (2) a default in the payment of the principal of the Notes at the date of maturity expressed therein, and (3) a default in the payment of interest on the Notes (unless prior to any such waiver of a default in the payment of interest, all arrears of interest, with interest at the rate of seven and one-half per cent. per annum on overdue instalments of interest, and all expenses of the Trustee shall have been paid by the Company or shall have been provided for by a deposit with the Trustee of a sum sufficient to pay the same, in which case the Trustee may waive a default in the payment of interest) and (4) a default in the covenant of the Company contained in Section 7 of Article Three of this Indenture not to declare or pay dividends on its common stock after September 30, 1920, when the ratio between its net quick assets and the face amount of the Notes therein mentioned does not obtain, or when by the payment of any such dividend its net quick assets are reduced below such ratio. Any default of the Company in its covenant contained in said Section 7 of Article Three not to pay dividends on its preferred stock when said ratio is not maintained may be waived under the provisions of this Section. In case of any such waiver, or in case any proceedings taken on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case, the Company, the Trustee and the Committee, and the holders and registered owners of the Notes, shall be restored to their former positions and rights hereunder respectively, but no such waiver shall extend to any sub-

sequent or other default or impair any right consequent thereon.

SECTION 10. In order to promote and to protect the equal ratable rights of every holder or registered owner of the Notes to be issued under this Indenture, and to avoid multiplicity of suits, it is expressly covenanted and agreed that, except as is hereinafter provided in respect of the right of conversion thereof, all the Notes issued hereunder are subject to the condition that all rights of action thereon, or in respect thereof, or on or in respect of the coupons thereto appertaining, are vested exclusively in the Trustee under this Indenture, and that no holder or registered owner of any Notes, or of any coupon appertaining thereto, shall have any right to institute any action at law or in equity upon the Notes or any of the appurtenant coupons, or growing out of any provision thereof, or of this Indenture, or for the enforcement of this Indenture, unless and until the Trustee shall refuse or neglect to institute proper proceedings by way of remedy within a period of sixty days after request of the Committee or the holders or registered owners of one-fourth in principal amount of the Notes then outstanding, filed with the Trustee, with offer of indemnity satisfactory to the Trustee; and any recovery in any action or proceeding instituted by the holder or registered owner of any Note, shall be for the equal *pro rata* benefit of all outstanding Notes similarly situated; provided, however, that nothing herein contained shall affect the right of the holder or registered owner of any Note to enforce payment thereof at and after the date of maturity in said Note expressed; and provided, further, that the holder or registered owner of any Note, without reference to, or the consent of, either the Trustee or the holder or registered owner of any other Note, may, in his own

behalf and for his own benefit, enforce, and may institute and maintain any proceedings suitable to enforce, his right to convert his Note into the common stock of the Company in accordance with the provisions of Article Six of this Indenture.

SECTION 11. No delay or omission of the Trustee, or of any holder or registered owner of Notes, or the Committee, to exercise any right or power accruing upon any default, occurring and continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Committee, or to the holders and registered owners of Notes may be exercised from time to time and as often as may be deemed expedient by it or by them.

SECTION 12. Nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to any person or corporation other than the parties hereto and the holders and registered owners of the Notes and the appurtenant coupons, and the Committee, any right, remedy or claim, under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all the covenants, stipulations, promises and agreements in this Indenture contained shall be for the sole and exclusive benefit of the parties hereto and their successors, and of the holders and registered owners of the Notes and coupons and the Committee.

SECTION 13. No recourse under or upon any obligation, covenant or agreement of this Indenture or of any Note or coupon, or because of the creation of any indebtedness represented by the Notes or coupons, shall

be had against any stockholder, officer or director of the Company, or of any successor corporation, as such, either directly or through the Company, or such successor corporation, by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitutional provision, statute or rule of law or otherwise. This Indenture and the Notes and coupons are solely corporate obligations, and no personal liability whatever shall attach to, or be incurred by, the stockholders, or any officers or directors of the Company, or of any successor corporation, as such, or any of them, because of the incurring of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the Notes or coupons or implied therefrom; and any and all personal liability of any such stockholder, officer or director, as such, whether arising at common law or in equity, or created by statute or constitution, is waived as a condition of, and as a part of the consideration for, the execution and delivery of this Indenture and the issue of the Notes and coupons.

SECTION 14. The Company will not at any time insist upon, or plead, or in any manner whatever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Indenture; and the Company hereby expressly waives all benefit or advantage of any such law or laws, and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but will suffer and permit the execution of every power as though no such law or laws had been made or enacted.



SECTION 15. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustee, to the Committee, or to the holders of Notes or coupons, is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

SECTION 16. Upon any sale made under or in accordance with any direction contained in any judgment for the recovery of any indebtedness evidenced by said Notes or coupons or claims for interest hereunder, any purchaser shall be entitled in making settlements or payments of the purchase price of the property purchased to present to the person or persons authorized to receive the payment of such purchase price, and to turn in and use any of the Notes and coupons and claims for interest thereon issued hereunder, then payable, said Notes or coupons or claims for interest or all thereof being computed for that purpose at a sum equal to, and not exceeding, that which shall be payable out of the net proceeds of such sale to such purchaser as the holder thereof for his just share and proportion of said net proceeds; and if the proportion so payable in respect of such Notes and coupons and claims for interest shall be less than the amount for which the Company may be liable thereon under direction of any person so authorized to receive payment of the purchase price, then the amount to be so allowed or credited thereon shall constitute such partial payment and settlement and shall be conclusive proof of the amount thereof. At any such sale, the Trustee, as such, or any noteholder or noteholders, or the Noteholders Committee, as such, or any member thereof, or any firm, company, or bank with which any member

thereof shall be associated, may bid for and purchase the property sold, and may make payment therefor as aforesaid, and any noteholder or noteholders or any member of such Committee, or any such firm, company or bank so purchasing any such property upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability.

SECTION 17. Upon the happening of any of the events of default, the Trustee shall be entitled, if it or the Committee so elect, as a matter of right forthwith and without precipitation of maturity of the Notes issued hereunder, or after precipitation of maturity of the same, to the appointment of a receiver of all the property, interests, rights and business of the Company and of all of the earnings, rents, issues and profits thereof, with such powers as the Court making such appointment shall confer; and, in any case of the appointment of a receiver as authorized by any provision of this Indenture, the powers to be conferred upon such receiver by the Court making such appointment may include, if the Committee approves, among others, not only power to enter upon and possess and exclude others from all of the property, interests, rights and business of the Company, but likewise the power and authority at the expense of the fund to use and operate said property in the business theretofore conducted by the Company, and to manage and control the same and conduct the business thereof personally or by agents and, at the expense of the fund, to maintain, repair, restore, renew, replace and keep insured all such property to the same extent as is usual with companies engaged in business of the same general class, and likewise, at the expense of the fund, to make all necessary or proper alterations, betterments and improvements thereof and additions thereto

as to the Court appointing such receiver may seem judicious, and to manage all said property and exercise all of the rights and powers of the Company, either in the name of the Company or otherwise, and to collect and receive all of the income, rents, issues and profits of said property, interests and rights and every part thereof.

## ARTICLE EIGHT.

### CONCERNING THE TRUSTEE.

SECTION 1. The Trustee accepts the trusts of this Indenture and agrees to execute them upon the following terms and conditions, to which the parties hereto, the Committee and the holders and registered owners of the Notes agree:

The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created, and such compensation, as well as the reasonable compensation of its counsel and of such persons as it may employ in the administration or management of the trust, and all other reasonable expenses necessarily incurred and actually disbursed hereunder, the Company agrees to pay.

Unless and until the Trustee shall have received written notice to the contrary from the holders or registered owners of not less than twenty-five per cent. in principal amount of the Notes at the time outstanding, or the Committee, the Trustee may, for all the purposes of this Indenture, assume that the Company is not in default under this Indenture and that none of the events hereinbefore denominated events of default has happened.

The Trustee shall not be under any obligation to take any action toward the execution or enforcement of the trusts hereby created which, in its opinion, will be likely to involve it in expense or liability, unless one or more of the holders or registered owners of the Notes or the Committee shall, as often as required by the Trustee, furnish it reasonable security and indemnity against such expense or liability; or to take any action in respect of any default, involving expense or liability, unless requested by an instrument in writing signed by the holders or registered owners of not less than twenty-five per cent. in principal amount of the Notes at the time outstanding, or the Committee, and unless tendered reasonable security and indemnity as aforesaid, anything herein contained to the contrary notwithstanding; but neither any such notice or request, nor this provision therefor, shall affect any discretion herein given to the Trustee to determine whether or not the Trustee shall take action in respect to such default or to take action without such request.

The Trustee shall incur no liability to any one in acting upon, or in accordance with, any notice, request, opinion, consent, certificate, bond or other instrument or paper believed by it to be genuine and to have been signed or presented by the proper person or duly authorized or properly made.

The Trustee may employ agents or attorneys in fact, and shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof, if such agent or attorney shall have been selected with reasonable care, nor for anything whatever in connection with this

trust, except willful misconduct or gross negligence.

It shall in no event be liable for any act or omission of the Noteholders Committee.

Any action by the Trustee upon the request of any person who at the time is the holder or registered owner of any such Notes, shall be conclusive and binding upon all future holders or registered owners of the same Notes.

This Indenture need not be recorded, registered or filed by the Trustee.

The Trustee may receive a certificate under the corporate seal of the Company and signed by the Secretary or an Assistant Secretary of the Company as sufficient evidence of the due adoption of any resolution by the board of directors or executive committee or other committee of the Company. The Trustee may rely upon, and shall incur no liability for any action taken by it in reliance upon, any such certificate or resolution so certified.

The Trustee shall be reimbursed by the Company upon demand for, and be indemnified against, any liability or damages which may be sustained by it in the premises. The Trustee shall have a claim prior to that of the holder or registered owner of any Note or the holder of any coupon issued hereunder for its compensation and expenses, and also for any liability or damage by it sustained in the premises, which claim shall be a paramount lien upon any money or other property at any time coming into its hands hereunder.

The Trustee makes no undertaking in respect of, and shall not be responsible in any manner whatsoever for, the validity or execution of this

Indenture or of any of the Notes issued hereunder or of the recitals herein or in the Notes contained, all such recitals being made and to be taken as statements of the Company solely; nor shall the Trustee be accountable or responsible for the use of any Notes authenticated and delivered hereunder, or for the performance or fulfillment of any covenant or agreement herein provided to be kept by the Company.

The Trustee hereunder may from time to time purchase, acquire, hold, own and deal in any of the Notes issued hereunder, and assert its right in respect thereof in the same manner as any other holder of Notes issued hereunder.

Any moneys received by the Trustee under any provision of this Indenture, may be treated by it, until it is required to pay out the same conformably herewith, as a general deposit, without any liability for interest, save as may be agreed upon between the Company and the Trustee.

The Trustee at the expense of the Company may advise with legal counsel and shall be protected in respect of any action under this Indenture taken in good faith by the Trustee in accordance with the opinion of counsel.

The Trustee shall be under no obligation or liability to any one for acting upon or in accordance with any request or direction of the Noteholders Committee, but the Trustee shall not be obliged to follow any such request or direction if, in its opinion, upon advice of counsel, such request or direction is not within the powers of the Committee hereunder.



SECTION 2. The Trustee may resign, and be discharged from the trusts created by this Indenture, by giving to the Company notice in writing, and to the holders and registered owners of the Notes notice by publication, of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once, not less than thirty days nor more than sixty days, prior to the date so specified, in a daily newspaper of general circulation published in the Borough of Manhattan, in the City of New York. Such resignation shall take effect on the day specified in such notice, unless previously a successor trustee shall be appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor trustee.

SECTION 3. Any trustee hereunder may be removed at any time by an instrument or concurrent instruments filed with the Trustee and executed by the holders or registered owners of three-fourths in principal amount of the Notes at the time outstanding or executed by the Committee.

SECTION 4. In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, a successor may be appointed by the holders or registered owners of a majority in principal amount of the Notes at the time outstanding, by an instrument or concurrent instruments signed by such holders and registered owners, or their attorneys in fact thereunto duly authorized; but until a new trustee shall be appointed by the holders and registered owners of the Notes as herein authorized, the Committee by an instrument executed by a majority of its members (one original whereof shall be lodged with the successor Trustee thereby

appointed and one with the retiring Trustee), may appoint a trustee to fill such vacancy. Every such successor trustee, whether appointed by the holders and registered owners of the Notes or by the Committee shall always be a national or state bank or trust company having an office in the Borough of Manhattan, in the City of New York, and having a capital and surplus aggregating at least two million dollars. After any such appointment by the Committee, it shall cause notice of such appointment to be published once a week in each of four successive weeks in two daily newspapers of general circulation published in said Borough of Manhattan; but any new trustee so appointed by the Committee shall immediately and without further act be superseded by a trustee appointed, in the manner above provided, by the holders or registered owners of a majority in principal amount of the Notes at the time outstanding, provided that such appointment be made prior to the expiration of one year from the date of the first publication of such notice. Until a new Trustee shall be appointed by a majority in principal amount of the noteholders or the Committee, as above provided, the Company shall appoint a successor Trustee by an instrument executed under its corporate seal by order of its Board of Directors, one original whereof shall be lodged with the successor trustee thereby appointed and one with the retiring trustee, but any new trustee so appointed by the Company shall be immediately and without further act superseded by a trustee appointed by a majority in amount of the noteholders or by the Committee. Notice of the appointment of any successor trustee by the Company shall be published as above provided in case of the appointment by the Committee.

SECTION 5. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring trustee an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as trustee hereunder; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee upon the trusts herein expressed all the rights, powers and trusts of the trustee so ceasing to act. Upon request of such successor trustee, the Company shall execute and deliver such instruments as may reasonably be required for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers, trusts, duties and obligations. All instruments herein provided for shall be at the cost of the Company.

SECTION 6. For the purpose of this Article Eight the fact of the holding of Notes by any holder and the amounts and issue numbers of such Notes and the date of the holding of the same may be proved either in the manner specified in Article Ten hereof or by affidavits of the holders thereof.

SECTION 7. Any corporation into which the Trustee, or any successor to it in the trusts created by this Indenture, may be merged, or with which it, or any such successor to it, may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee, or any such successor to it, shall be a party, provided such corporation shall be a corporation organ-

ized under the laws of the State of New York or under the laws of the United States and shall do business in the Borough of Manhattan, in the City of New York, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any future act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 8. The term, "the Trustee," whenever used in this Indenture, means the trustee for the time being under this Indenture, whether original or successor.

## ARTICLE NINE.

### NOTEHOLDERS COMMITTEE.

SECTION 1. A Committee (hereinbefore and herein-after called the "Noteholders Committee" or the "Committee"), composed of E. R. Tinker, Clement R. Ford and Julius Lichtenstein, is hereby appointed. Any member of such Committee may resign at any time by delivering his written resignation to the Company in the case of Julius Lichtenstein, and to Chase Securities Corporation of the City of New York, in the case of E. R. Tinker and Clement R. Ford. In case of any vacancy or vacancies in such Committee occurring through death, resignation or other cause, the vacancy or vacancies shall be filled as follows: Any successor to Julius Lichtenstein, and such successor's successor and so on in the line of succession shall be chosen by the Company or its successor or successors. Any successor to E. R. Tinker and such successor's successor and any successor to Clement R. Ford and such successor's successor and so on in the line of succession shall be chosen by Chase Securities Corporation of the City of New York, or its successor or successors. No member of the Committee shall be disqualified to assent

to or approve of any transaction because of the fact that he, or that some firm of which he is a member or otherwise connected with or some corporation of which he is an officer or director or otherwise connected with, is personally interested in such transaction. The members of the Committee and of any firm or corporation with which any of them may at any time be associated may from time to time purchase, acquire, hold, own, and deal in any of the Notes issued hereunder, and have financial or other relations with the Company of any kind to the same extent and with the same effect as if they were not members of the Committee. The Committee may act at or without a meeting. From time to time the Committee shall give notice in writing to the Trustee of each and every succession to the membership of the Committee as hereinabove named, and in the absence of receipt of such notice by the Trustee, it may conclusively assume that the personnel of the Committee has not changed.

SECTION 2. The Committee shall be deemed the representative of the noteholders, and any action taken or assent or approval given by it in accordance with the powers vested in it by this Indenture shall be deemed to be the action, assent or approval of all the noteholders. The Committee shall be, and it is hereby, vested with power:

(a) To waive in any instance upon such terms, conditions and agreements as it may prescribe any covenant or agreement by the Company herein contained or any of the terms, provisions and conditions herein contained with respect to the form, execution, delivery, registration and exchange of Notes and the remedies of the Trustee, the Committee and the noteholders, including any default or event of default of the Company hereunder, pro-

vided that the Committee shall have no power to waive at any time the observance by the Company of its covenants to pay the principal of the Notes at the date of maturity expressed therein, and the coupons and claims for interest thereon, or respecting the conversion of the Notes into stock or the non-declaration or non-payment of dividends on the common stock when net quick assets are not, or would be reduced by payment of any such dividend below, one and three-quarters times the face amount of the Notes then outstanding, as provided in this Indenture, but the Committee shall have power to waive any acceleration of maturity of the Notes and interest thereon as herein provided.

(b) To determine whether or not any action contemplated or taken by the Company would be or is in violation of the terms of this Indenture, which determination shall be binding upon all the noteholders and upon the Trustee.

(c) To modify, waive or compromise any rights of the noteholders, or of the Committee, against the Company, whether such rights shall arise under this Indenture or otherwise, and whether enforceable by the noteholders or the Committee or the Trustee, but the Committee shall not have power under any circumstances to vary the amount of the principal or interest payable upon any Note issued hereunder, or the time or place of payment of said principal or interest, or to waive the payment of principal and interest when due by the terms of the Notes, or the right of noteholders to convert Notes into common stock, or a breach of the covenant of the Company as to the non-declaration or non-payment of dividends on common stock when the ratio herein provided is not maintained between net quick assets and the face amount of the Notes, except as herein otherwise provided.



SECTION 3. Every consent, waiver, approval, direction or action of the Committee shall be by a majority of the members of such Committee in person or by proxy, and in all cases where action, consent, waiver or approval of such Committee is required or authorized under this Indenture, the action, waiver, consent or approval of a majority of the members of such Committee in person or by proxy shall be deemed to be the action, consent or approval of such Committee. The Trustee shall be entitled to rely upon any notice of change in the membership of the Committee given to the Trustee as hereinabove provided and shall not be required to take or be deemed to have notice of any such change or addition not so notified to it. Every such consent, waiver, approval, direction or action of the Committee on the basis of which the Trustee is desired to rely, or which shall for any reason be certified to the Trustee and every such notice of change in the membership of the Committee, shall be in writing delivered to the Trustee signed in person or by proxy by at least two members of the Committee, or otherwise, as may be satisfactory to the Trustee, and the Trustee without further inquiry may act in reliance upon any consent, waiver, approval, direction, action, notice of change or other writing from the Committee, so signed.

SECTION 4. The members of the Committee, their agents or proxies shall be responsible to the noteholders, to the Trustee, and to the Company and otherwise only for good faith in the performance of the powers and duties conferred and imposed upon them by this Indenture, and shall under no circumstances be held responsible to any one for any mistake in judgment, error of law, lack of diligence or unwise exercise of their powers or discretion or for any thing whatsoever except their own individual actual wilful fraud.

SECTION 5. The Committee may appoint an agent or agents (and any such agent may in the discretion of the Committee be an officer of the Company) with power, to the extent that shall be provided in the instrument appointing such agent or agents, to assent to or approve any transaction in behalf of such Committee upon such terms, conditions and agreements, if any, as shall be determined by such agent or by the Committee, and any such assent or approval given by any such agent or agents, within the scope of his or their authority, shall be deemed to be the assent or approval of such Committee. Each member of the Committee may appoint in writing from time to time a proxy to act for him during his absence from the Borough of Manhattan, City of New York, N. Y. For the acts and neglects of such agent or agents or proxy (care believed by the Committee or the member appointing the proxy to be reasonable having been exercised in his or their selection) neither such Committee nor any member thereof shall incur any responsibility whatsoever. The Committee may employ counsel, accountants and other agents and may incur such expenses and make such disbursements in connection with the performance of its duties hereunder as it may consider reasonable, and the Company hereby agrees from time to time to pay the compensation of the counsel, accountants and agents of the Committee and its expenses and disbursements as well as a reasonable compensation to the members of said Committee.

SECTION 6. Any consent, waiver, concession or other action of the Committee in favor of the Company under any of the provisions hereof in any instance shall not be deemed, unless expressly so stated by the Committee, to relieve the Company of its obligations hereunder in any other instance or to operate as a general consent,

waiver, concession or action or to extend or to apply to any other instance or instances whatsoever, it being the intent hereof to restrict any such consent, waiver, concession or other action to the particular instance mentioned therein or covered thereby and to preclude its extension to other instances, unless the Committee expressly so states. No delay or omission of the Committee to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof or an acquiescence in any action or non-action of the Company.

SECTION 7. Unless any consent, waiver, concession or other action claimed at any time by the Company to have been given or taken by the Committee is evidenced by a writing signed by at least a majority of the members of the Committee, the Company shall not be entitled to claim or plead the giving of any such consent, waiver or concession or the taking of any such action by the Committee, if a majority of the members of the Committee shall then be unwilling to give or take the consent, waiver, concession or action and if one of the majority of the members of the Committee claimed to have theretofore given such consent, waiver or concession, or taken such action denies that he did so.

SECTION 8. The Chase Securities Corporation may at any time in its discretion without responsibility to any one cause any member or members of the Committee appointed by it or whose successors it shall be entitled to appoint to resign, <sup>and</sup><sub>or</sub> by instrument in writing delivered to the Trustee, decline to appoint any successor or successors to said E. R. Tinker or Clement R. Ford, or to any successor to either of them as hereinbefore provided, and Messrs. Tucker, Anthony & Company, as

said firm may then be constituted, may but shall be under no obligation to, appoint any member or members which said Chase Securities Corporation shall so decline to appoint and may thereafter appoint their successors in like manner as said Chase Securities Corporation is entitled so to do hereunder. If Messrs. Tucker, Anthony & Company declines (as it shall be entitled so to do) or fails for any reason to succeed to the rights of appointment of said Chase Securities Corporation hereunder, or is not then in existence, said Securities Corporation may designate any corporation or firm to succeed to its rights of appointment of members of the Committee hereunder and if Messrs. Tucker, Anthony & Company, after appointing any such member or members subsequently declines to appoint any successor or successors thereto (as it shall be entitled to do), it may designate a corporation or firm to succeed to its rights of appointment in like manner, and any corporation or firm so designated by said Chase Securities Corporation or Messrs. Tucker, Anthony & Company shall in turn be entitled to appoint a corporation or firm to exercise such rights of appointment if at any time it so desires. Neither said Chase Securities Corporation nor Tucker, Anthony & Company nor any one so succeeding to such rights of appointment of either of them shall be responsible to any one (except for its own actual wilful wrongdoing) for or in connection with any acts or neglects of any member or members of the Committee appointed by it or for or in connection with any other matter or thing. No such designation of any corporation or firm in succession to Chase Securities Corporation or Messrs. Tucker, Anthony & Company or of any corporation or firm which may be designated as successor to any successor of either of them or otherwise in the line of succession shall be binding upon the

Trustee unless and until an original of such designation shall have been lodged with it.

## ARTICLE TEN.

### NOTEHOLDERS' ACTS, HOLDINGS AND APPARENT AUTHORITY.

Any request or other instrument provided by this Indenture to be signed and executed by holders of Notes may be in any number of concurrent instruments of similar tenor, and may be executed by such holders in person, or by an agent or attorney appointed by an instrument in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of Notes, shall be sufficient for any purpose of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by the Trustee under such request or other instrument or writing, if made in the following manner, viz.:

(a) The fact and date of the execution by any person of any such request or of any other instrument or writing may be proved by the certificate of any notary public or other officer authorized to take, either within or without the State of New York, acknowledgments of deeds to be recorded in New York, certifying that the person signing such request or other instrument or writing acknowledged to him the execution thereof; or by the affidavit of a witness to such execution;

(b) The amount of coupon Notes not registered as to principal held by any person executing any such request or other instrument or writing as a holder of Notes, and the issue numbers of

the Notes held by such person and the date of his holding the same (which holding the Trustee may conclusively assume to have continued until notified in writing to the contrary), may be proved by a certificate executed by any trust company, bank, bankers or other depositary wheresoever situated whose certificate shall be deemed by the Trustee to be satisfactory, showing that, at the date therein mentioned, such person had on deposit with such depositary, or exhibited to such depositary, the Notes numbered and described in such certificate.

The ownership of Notes registered as to principal and of registered Notes without coupons shall be established solely by the registry books of the Company.

## ARTICLE ELEVEN.

### CONSOLIDATION, MERGER AND SALE.

SECTION 1. Nothing in this Indenture shall prevent with the consent of the Committee the consolidation of the Company with any other corporation, or the merger into the Company of any other corporation or the merger of the Company into any other corporation, or the sale by a subsidiary of its property to the Company or to another subsidiary, or the sale by the Company of its property as an entirety, provided that as a condition of any such consolidation or such merger into another company or of any sale of the property of the Company as an entirety the consolidated corporation or the corporation into which the Company is merged or the corporation to which such property shall be sold as an entirety shall assume the due and punctual payment of the principal of, and interest on, the Notes and the performance of the



covenants of this Indenture, and shall extend to the holders or registered owners of the Notes secured by this Indenture, the right and privilege to convert said Notes into its common stock on the basis of the conversion rate, as the equivalent and in substitution for the common stock of the Company which would have been received upon the conversion of said Notes (except for such merger, consolidation or sale), the ratio of substitution of common stock of such successor corporation for the common stock of the Company to be the same as the ratio applicable upon such merger, consolidation or sale to the exchange of stock of such successor corporation for the common stock of this Company, and all of the terms and conditions of such substitution to be the same in purpose and effect as the terms and conditions of such exchange, all whereof must be satisfactory to the Committee in its discretion.

SECTION 2. In case any corporation shall be consolidated with the Company as aforesaid or in case the Company shall be merged into any other corporation, or in case of the sale of the property of the Company as an entirety, the corporation formed by such consolidation, or into which the Company shall have been merged, or to which such sale shall have been made, shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part hereto.

SECTION 3. For every purpose of this Indenture, including the execution of Notes, the term "Company" includes and means, not only American Sumatra Tobacco Company, but also any such successor corporation. Every such successor corporation shall possess, and from time to time may exercise, each and every right and power

hereunder of American Sumatra Tobacco Company, in its name or otherwise, and any act or proceeding by any provision of this Indenture required to be done or performed by any board, committee or officer of the Company may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be such lawful successor of the Company.

SECTION 4. Before the exercise of the powers conferred by this Article Eleven, the Company or any such successor corporation, by an instrument in writing executed by authority of two-thirds of its board of directors and delivered to the Trustee, may surrender any of the powers reserved to the Company or to such successor corporation; and thereupon such power so surrendered shall terminate.

## ARTICLE TWELVE.

### CANCELLATION OF THIS INDENTURE.

SECTION 1. If all the Notes issued hereunder, both principal and interest, shall be well and truly paid, or converted into common stock of the Company pursuant to the provisions of Article Six hereof, at the times and in the manner therein and herein expressed, according to the tenor and effect thereof, this Indenture shall cease and determine, and upon proof being given to the reasonable satisfaction of the Trustee that all the Notes and coupons have been paid or satisfied, and upon payment of the costs, charges and expenses incurred by the Trustee in relation thereto, the Trustee shall cancel this Indenture.

SECTION 2. In case any of the Notes or coupons issued hereunder shall not be presented for payment when the

principal thereof shall be due and payable, the Company may at any time thereafter pay to the Trustee for the benefit of the holder or holders thereof the amount of said Notes and coupons, and thereupon the Trustee shall cancel this Indenture in the same manner as if said Notes and coupons had been paid. And the certificate of the President or Treasurer of the Company, or of such other officer thereof as the Trustee shall think proper, that certain Notes and coupons in such certificate specified have not been presented for payment, shall be sufficient evidence of that fact to authorize the Trustee to act under the powers contained in this Section 2. Neither the Company nor the Trustee shall be required to pay interest on any moneys deposited with the Trustee as aforesaid; and any such moneys remaining unclaimed by the holders of Notes and coupons for six years after the date of such deposit with the Trustee shall be paid by the Trustee to the Company; *provided, however*, that the Trustee, before being required to make any such payments, may, at the expense of the Company, cause notice that said moneys have not been so called for and that after a date named therein they will be returned to the Company to be published once a week in each of four successive weeks in a daily newspaper of general circulation published in the Borough of Manhattan, in the City of New York.

This Indenture may be executed in several counterparts, each of which shall be, and shall be deemed to be, an original instrument.

IN WITNESS WHEREOF, said American Sumatra Tobacco Company has caused this Indenture to be signed in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and

to be attested by its Secretary or one of its Assistant Secretaries, and The Chase National Bank of the City of New York, in token of its acceptance of this trust, has caused this Indenture to be signed in its corporate name by one of its Vice-Presidents and its corporate seal to be hereunto affixed and to be attested by its Cashier or one of its Assistant Cashiers, all as of the day and year first above written.

AMERICAN SUMATRA TOBACCO COMPANY,  
(S.) By F. M. ARGUIMBAU  
Vice-President.

Attest:

(S.) LOUIS LEOPOLD  
Assistant Secretary.

[SEAL]

THE CHASE NATIONAL BANK OF THE CITY  
OF NEW YORK,  
(S.) By REEVE SCHLEY  
Vice-President.

Attest:

(S.) E. H. LEE  
Assistant Cashier.

[SEAL]

STATE OF NEW YORK, }  
 County of New York, } ss:

On this 16th day of June, in the year 1920, before me personally came F. M. Arguimbau, to me known, who, being by me duly sworn, did depose and say that he resides in Freeport, in the State of New York; that he is a Vice-President of American Sumatra Tobacco Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation; and that he signed his name thereto by like order.

W. H. YOUNG  
 Notary Public, Westchester County  
 Certificate filed in N. Y. County  
 New York County Clerk's No. 5  
 New York County Register's No. 1106.  
 My term expires March 30, 1921.

[SEAL]

STATE OF NEW YORK, }  
 County of New York, } ss:

On the 16th day of June, in the year 1920, before me personally came Reeve Schley, to me known, who being by me duly sworn, did depose and say that he resides in New York City, in the State of New York; that he is a Vice-President of The Chase National Bank of the City of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation; and that he signed his name thereto by like order.

W. H. YOUNG  
 Notary Public, Westchester County  
 Certificate filed in N. Y. County  
 New York County Clerk's No. 5  
 New York County Register's No. 1106.  
 My term expires March 30, 1921.

[SEAL]











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